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ANNUAL REPORT

FOR THE YEAR 1959

IMPERIAL CHEMICAL INDUSTRIES LIMITED

ANNUAL REPORT

FOR THE YEAR 1959




W. H. CRAIG

PUBLIC RELATIONS DEPARTMENT
CANADIAN INDUSTRIES LIMITED
P. O. BOX 10, MONTREAL, CANADA.

UN. 1-2571

IMPERIAL CHEMICAL INDUSTRIES LIMITED



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the THIRTY-THIRD ANNUAL GENERAL MEETING of IMPERIAL CHEMICAL INDUSTRIES LIMITED will be held at the Wigmore Hall, 36 Wigmore Street, London, W.1, on Thursday, the 12th day of May 1960, at 11.30 a.m., for the following purposes:—

1. To consider the Company's Accounts and the Reports of the Directors and Auditors for the year ended 31st December 1959.
2. To confirm and declare dividends.
3. To elect Directors in place of those retiring.
4. To fix the Auditors' remuneration.
5. To transact other ordinary business of the Company.

Any member of the Company entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Office, Imperial Chemical House, Millbank, London, S.W.1, not less than 48 hours before the time fixed for the Meeting.

Dated this 18th day of April 1960.

Imperial Chemical House,
Millbank,
London, S.W.1.

By Order of the Board,
R. A. LYNEX,
Secretary.

Preference Stockholders are reminded that under the Company's Articles of Association they are not entitled to attend or vote at this Meeting because the business to be transacted does not fall within the terms of Article 65.

The final dividend for the year 1959 will be payable on 31st May 1960 to Ordinary Stockholders registered in the books of the Company on 8th April 1960. Warrants will be posted on 30th May 1960.

Dividend and interest payments are normally made at the following times:—

4½% Loan Stock: 31st March, 30th September. 5½% Loan Stock: 1st January, 1st July.

Preference Stock: 1st February, 1st August.

Ordinary Stock: 30th November (Interim), 31st May (Final).

IMPERIAL CHEMICAL INDUSTRIES LIMITED

(Honorary President: THE RT HON LORD MCGOWAN, K.B.E., D.C.L., LL.D.)

THIRTY-THIRD ANNUAL REPORT 1959

DIRECTORS:

Chairman STANLEY PAUL CHAMBERS, C.B., C.I.E.

Deputy Chairmen ERIC ALBERT BINGEN
RONALD HOLROYD, F.R.S.
LESLIE HENRY WILLIAMS

PETER CHRISTOPHER ALLEN

RICHARD ALFORD BANKS

RICHARD BEECHING

STEPHEN FRANCE BURMAN, C.B.E.

THE RT HON VISCOUNT CHANDOS,
P.C., D.S.O., M.C.

JOHN FERGUSON

THE RT HON LORD GLENCONNER

JOHN SCOTT GOURLAY

GEORGE KENNETH HAMPSHIRE

PETER THOMSON MENZIES

CLIFFORD PAINE

CHARLES ROSS PRICHARD

DAVID JOHN ROBARTS

WILLIAM DONALD SCOTT

FIELD-MARSHAL SIR WILLIAM SLIM,
K.G., G.C.B., G.C.M.G., G.C.V.O.,
G.B.E., D.S.O., M.C.

JAMES TAYLOR, M.B.E.

ROBERT CHARLES TODHUNTER

CYRIL MAYNARD WRIGHT

Secretary

RICHARD ANTROBUS LYNEX

Treasurer

JOHN HORACE COTTON

Registrar

WILLIAM NORMAN LACON

Registered and Transfer Office

IMPERIAL CHEMICAL HOUSE, MILLBANK, LONDON, S.W.1

Auditors

THOMSON McLINTOCK & CO, 33 King William Street, London, E.C.4
PRICE WATERHOUSE & CO, 3 Frederick's Place, London, E.C.2

RESULTS IN BRIEF

	1958	1959
	£m	£m
Group sales in the United Kingdom	252.0	277.3
Group sales to customers overseas	210.7	231.2
Total Group sales	462.7	508.5
F.o.b. value of ICI exports from the United Kingdom	73.8	87.5
Group manufacturing and trading profits less losses (before tax)	51.5	79.8
Income (after tax) of Imperial Chemical Industries Ltd	17.6	33.9
Investment by the Group in fixed assets (before depreciation) and net current assets	688.9	759.9
Total expenditure by Group during year on plant, properties and equipment	60.4	41.5

DISPOSITION OF GROUP SALES PROCEEDS AND OTHER INCOME

	1958	1959
	£m	£m
Manufacturing and trading proceeds and income from investments, etc.	<u>465.2</u>	<u>515.4</u>
Raw materials for production and maintenance, purchases for re-sale and payments for external services	268.2	279.9
Wages and salaries	110.2	114.6
Pensions and contributions to Pension Funds	7.3	7.6
Depreciation	29.6	33.1
Employees' Profit-Sharing Bonus	5.4	7.1
Taxation	20.6	31.5
Retained for employment in the business	10.7	21.7
Distributed as net dividends	13.2	19.9
	<u>£m.465.2</u>	<u>£m.515.4</u>

'Group' means ICI and its subsidiary companies at home and overseas.

REPORT OF THE DIRECTORS

1959

The Directors of Imperial Chemical Industries Limited submit their Thirty-third Annual Report, together with the Accounts of the Company for the year 1959, which will be laid before the Members at the Thirty-third Annual General Meeting, to be held on 12th May 1960.

TRADING RESULTS

In 1959, the external sales of the Group amounted to £508,508,900 (£462,677,074 in 1958) and the Company's sales to external customers and to subsidiaries, at home and abroad, amounted to £321,009,259 (£296,254,339 in 1958).

The manufacturing and trading profits for the year, after providing for depreciation, were £79,755,154 (£51,500,198 for 1958) in the case of the Group, and £62,990,728 (£37,551,276 for 1958) in the case of the Company.

The Accounts show an increase in the Company's sales of about £25 million compared with those for 1958, but if organizational changes made in 1958 and 1959 were taken into account the increase would be about £36 million. The Group sales are not affected by these changes.

The year's profits show a welcome improvement over those for 1958, but as will be seen from the Record on pages 30 and 31, they have only resumed what may be regarded as a more appropriate relationship to capital in view of the heavy volume of capital investment in recent years.

HOME TRADE

Sales of ICI products in the home market in 1959 benefited from the progressive increase in general industrial activity during the year and the coming into production of new plants. Sales of 'Terylene' polyester fibre were a record, and the plant was operating to capacity, reflecting the more favourable conditions in the textile trade at home and the continued growth of exports which has been such a feature of this product. By the end of the year, part of the extensions to the plant to increase its capacity to 50 million pounds of 'Terylene' had come into production. The Paints Division had another highly successful year, its decorative paints 'Dulux' and 'Dulite' showing a further gratifying increase in popularity. New machinery which came into production in the early part of the year enabled I.C.I. (Hyde) Ltd to meet the growing demand for its leather-cloth products. Sales of the major products of the Plastics and Metals Divisions increased substantially. On the other hand, the difficulties which the coal industry had to face inevitably affected sales of the Nobel Division's explosives and accessories, and this loss of business was only partly compensated for by higher sales to the quarrying industry and to civil engineering contractors for the national programme of road construction.

In 1959, ICI reduced the prices of a considerable number of its main products. Compared with 1958, the average decrease for all the main products of the Company was $2\frac{1}{2}$ per cent. The increase in the aggregate value of sales (disclosed in the first paragraph of this Report) was because of higher volume, and not because of higher prices. The capital invested in the Company is large in relation to its turnover, and an increase in general activity is quickly translated into lower costs of production, particularly where there are plants previously not working to capacity, as in 1958, which can be brought into full production. Furthermore, improved efficiency in the technical operation of plants was secured, and this was most marked in those recently built plants which are turning out some of the newer products.

EXPORT TRADE

It is particularly gratifying to be able to report an increase of 19 per cent in exports of ICI products from the United Kingdom to a record total of £87.5 million. As in 1958, the main feature was a further, but larger, expansion in exports of plastics and 'Terylene'. This year an important contribution was also made by the recovery in alkali and dyestuffs exports.

Shipments to the Commonwealth increased by 10 per cent. These markets continued to take the largest share of exports, and accounted for 42 per cent of the total. There was a big rise in exports to India and also to Hong Kong.

Exports to Europe increased by 35 per cent, an increase which was shared by most countries in this market. In addition to a big advance in sales of 'Alkathene' and 'Terylene', there were increased sales of products derived from oil. There were also substantial sales of 'Procion' dyes to the European textile industry.

The future effect on the Company's business of the division of Europe into the European Economic Community and the European Free Trade Association is under active study. Of the total exports of ICI products in 1959, £11 million went to the six Common Market countries (an increase of 25 per cent over 1958) and £11.3 million went to the 'Outer Seven' (an increase of 41 per cent).

There was a big increase in sales of plastics and dyestuffs to countries in Eastern Europe, especially to the Union of Soviet Socialist Republics. Sales to these countries now amount to 3.9 per cent in value of ICI exports.

Exports to Turkey improved considerably as a result of foreign aid given to that country during the year.

Exports to South America were slightly higher than in the previous year, in spite of difficult trading conditions in Argentina, Brazil, Chile and Uruguay, caused either by inflation or by a shortage of foreign exchange.

During the year a selling branch of Imperial Chemical Industries (Export) Ltd was opened in Morocco.

The value of exports to the main trading areas of the World were:—

	1958	1959
	<i>Value of Exports</i>	
	<i>(f.o.b.)</i>	
	£m	£m
Commonwealth	33.4	36.8
of which		
India, Pakistan & Ceylon	8.8	11.6
Australasia	8.8	7.4
Africa—South & Central	4.3	4.7
Africa—West	2.5	3.2
Canada	1.9	2.0
European Economic Community		
('The Six')	8.8	11.0
European Free Trade Association		
('The Seven')	8.0	11.3
Union of Soviet Socialist Republics and		
Countries in Eastern Europe	1.9	3.4
Rest of Europe	4.6	6.1
United States of America	3.0	3.9
Central and South America	6.3	6.5
Rest of the World	7.8	8.5
Total	73.8	87.5

CAPITAL EXPENDITURE

In 1959, the Company spent £32.2 million on construction projects in the United Kingdom, compared with £45.3 million in 1958 and £50.6 million in 1957. During 1959 £22 million was sanctioned for new projects, and the amount of outstanding capital expenditure which had been sanctioned but not yet spent was reduced from £49.8 million to £39.6 million. The rate of capital expenditure in the earlier part of 1960 will again be less than in the preceding year, but this trend is expected to be reversed towards the end of the year.

From the end of the last war until the end of 1957, the Company was faced with the urgent need to build new plants in order to meet the demands for its products from its customers at home and abroad, and the period was one of heavy and increasing capital expenditure on construction work. Since 1957 the emphasis has been on increasing the capacity of existing plants by improving efficiencies, on carrying out modifications with a relatively low expenditure of capital, and on consolidating the expansion which had taken place over the previous twelve years, and of planning future increases in capacity so that the best use can be made of the skills available within the organization.

The largest projects sanctioned in 1959 were a polypropylene plant at Wilton, and a 'Melinex' film plant at Dumfries, for the Plastics Division; a plant for polyurethane chemicals at Fleetwood for the Dyestuffs Division; and large extensions to the solvent plants and the plants for methyl methacrylate monomer for the General Chemicals Division. Towards the end of the year, sanction was given to a project for the manufacture of ethylene oxide and glycol by the Heavy Organic Chemicals Division at Severnside; this will be the first plant to be erected on this 1,000 acre site on the River Severn near Thornbury, Gloucestershire, which the Company hopes to develop on similar lines to Wilton Works. Plans are in hand by the Nobel Division for further concentration of explosives manufacture and the introduction of new and more efficient machines and processes.

FINANCE

PROFIT AND LOSS ACCOUNT

The income of the Company, after charging depreciation and making provision for the Employees' Profit-Sharing Scheme, but before taxation, was £59,514,356 in 1959 compared with £33,417,968 in 1958. The corresponding figures for the Group were £73,115,960 in 1959 and £44,513,794 in 1958.

The provisions for depreciation by the Company were £26,177,305 for 1959 compared with £23,425,694 for 1958, and by the Group £33,137,611 for 1959 compared with £29,579,894 for 1958.

Taxation in 1959 requires provisions of £25,658,626 by the Company and £31,530,860 by the Group, compared with £15,783,527 and £20,658,837 respectively in 1958. The provisions, details of which are given in Note 2 on page 26, have been calculated on the income for 1959 in the light of taxation legislation in force on 25th March 1960, the date of certification of the Accounts.

Until recently, the rate of profits tax on undistributed profits was less than on distributed profits. Now, however, it is being levied at the same flat rate on all profits, and the Board have decided to include in the transfers to reserve for deferred liability due to initial allowances, the estimated benefit for the year arising from the temporary saving in United Kingdom profits tax, as well as income tax. Appropriate adjustments have been made in respect of the over-provision in the Accounts for 1958 as a result of the reduction in the standard rate of income tax for 1959/60 which was made after the Accounts had been approved. Similarly appropriate adjustments will be made in the Accounts for 1960 if any legislative changes affecting the Accounts for 1959 are made after 25th March 1960.

The consolidated income of the Group after taxation was £41,585,100 for 1959 compared with £23,854,957 for 1958. After deducting the net dividends payable to minority members of subsidiaries, £1,421,596 (£1,288,178 in 1958), and the undistributed income of subsidiaries £6,307,774 (£4,932,338), the income of the Company after taxation was £33,855,730 compared with £17,634,441 for 1958.

ORDINARY DIVIDENDS

A final dividend of 1s. 6d. per £1 unit is recommended on the Ordinary Stock which, with the interim dividend of 9d. paid on 30th November 1959, will make a total distribution of 2s. 3d. for 1959 compared with a total distribution for 1958 of 1s. 7.2d. per £1 unit (8 per cent). The final Ordinary dividend will be paid on 31st May 1960 to members on the Register on 8th April 1960. Income tax will be deducted from the gross amount of the final dividend at the United Kingdom standard rate in force at the date of payment.

APPROPRIATIONS TO RESERVES

After deduction of the net dividends paid or payable on the Preference and Ordinary Stocks, there remains a balance for the year 1959 of £15,352,642. There has been transferred to General Capital Reserve the sum of £3,000,000 which includes the taxation benefit obtained from investment allowances on capital expenditure in 1959. The General Capital Reserve now includes the Revaluation of Physical Assets Reserve which was formerly treated as a separate capital reserve.

The final balance of £12,352,642 has been transferred to General Revenue Reserve. The General Revenue Reserve now includes the Stock Replacement Reserve because it is considered that there is no longer any need for this to be treated separately.

ISSUED CAPITAL

On 1st July 1959, the holders of the 5½ per cent Convertible Loan Stock 1977/79 who did not convert their Loan Stock into Ordinary Shares in July 1958 had the second opportunity to do so at the rate of 34½ £1 Ordinary Shares for each £50 of Loan Stock. Of the original total of £40,000,000 Loan Stock, £15,617,300 was outstanding on 1st July 1959, £24,382,700 having been converted in July 1958; holders of £9,976,200 Loan Stock converted into 6,883,578 Ordinary Shares in July 1959, producing a premium of £3,092,622. The holders of the remaining £5,641,100 Loan Stock now have only one further opportunity to convert their stock into Ordinary Shares on 1st July 1960 at the rate of 33 £1 Ordinary Shares for each £50 Loan Stock. If they do not convert in July 1960 their security then becomes a 5½ per cent Unsecured Loan Stock repayable 1977/79 at par with no further rights of convertibility into Ordinary Shares.

The attention of all the remaining holders of this Loan Stock is especially directed to this last opportunity of converting into Ordinary Shares.

In part satisfaction of the purchase price for a minority holding in Cooke's Explosives Ltd, 30,000 Ordinary Shares were issued at a premium of £21,725, together with 28,000 Preference Shares at par.

As mentioned on page 16 of this Report 2,342,584 Ordinary Shares were issued and converted immediately into Stock during the year 1959 in accordance with the terms of the ICI Employees' Profit-Sharing Scheme.

The premiums from these three transactions were credited to Share Premium Account.

CASH RESOURCES AND THE CAPITAL PROGRAMME

During the year, £45 million was used for the fixed and working capital requirements of new plants and of additions to existing plants, and for new investments in subsidiaries and associated companies. This amount was financed by cash obtained from sources within the Company.

The following table shows, for the year 1959 and the 15-year period 1945/1959, the "cash flow" to the Company both from internal sources and from the raising of new capital, and the way in which this cash has been used.

	Year 1959 £m.	Fifteen years 1945-1959 £m.
Cash was obtained from:—		
(i) Sources within the Company		
Profits not distributed	15	128
Depreciation provisions and sums recovered on physical assets sold or demolished	27	178
Temporary use of tax reserves	10	35
Miscellaneous capital receipts	1	9
Reduction in liquid resources	—	3
(ii) Sources outside the Company		
Issues of New Ordinary Stock*	4	54
Issues of Unsecured Loan Stocks	—	88
	57	495

**Including issues of Ordinary Stock under
the Employees' Profit-Sharing Scheme.*

Cash was utilized on:—

- (i) New manufacturing plants and additions and alterations to existing units.
- (ii) Additional stocks and other increases in working capital.
- (iii) New investments in subsidiaries and associated companies (mainly utilized in constructing new plants and supplying additional working capital overseas).
- (iv) Increase in liquid resources.

	32	403
	9	40
	4	52
	12	—
	57	495

It will be noted that during 1959 the Company was able to add £12 million to its liquid resources, although over the full 15-year period it had depleted these resources by £3 million.

CHANGES IN ORGANIZATION AT HOME

In collaboration with the Aluminum Company of America (ALCOA), a new company, Imperial Aluminium Company Ltd (IMPALCO), was formed, in which ALCOA holds 49 per cent and ICI 51 per cent of the issued capital, to manufacture wrought aluminium products. The aluminium plants of ICI Metals Division at Waunarlwydd near Swansea, South Wales, were transferred to IMPALCO, which will be able to avail itself of the accumulated experience and technical resources of ALCOA, which is the largest producer in the world of primary aluminium and wrought aluminium products, and also of ICI's knowledge and facilities for the manufacture of non-ferrous metals generally and its marketing organization at home and overseas. This partnership indicates the faith of both companies in the continuing growth of demand for aluminium.

A new company, the Extended Surface Tube Company Ltd, in which Stewarts & Lloyds Ltd own 65 per cent and ICI 35 per cent of the issued capital, was formed in January 1960 and took over from the Metals Division the manufacture of 'Integron' integrally-finned steel tubes.

The whole of the issued capital (£690,000) of British Visqueen Ltd, manufacturers of polythene film, is now owned by the Company, which acquired during the year the minority interest (33½ per cent) owned by the Union Carbide Corporation.

In October 1959, the Company disposed of its holding in Thorium Ltd, manufacturers of compounds of thorium, cerium and other rare earths from monazite sand, to Rio Tinto Management Services (U.K.) Ltd.

There were two changes in the Divisional organization of the Company, which were agreed during the year and put into effect on 1st January 1960. The Lime Division was dissolved and its business and assets were taken over by the Alkali Division.

The other change was in Central Agricultural Control which was set up in 1944 to co-ordinate the Company's agricultural activities, to advise the Board on agricultural policy, and to conduct agricultural research, development and publicity work. The crop protection side of Central Agricultural Control's activities had already been taken over by the General Chemicals Division, and during the year it was decided that its other activities should be taken over by the Billingham Division.

RESEARCH AND DEVELOPMENT

The Company's expenditure on research and development, including technical service, in 1959 was £14.2 million.

About half of this expenditure was on valuable but unspectacular improvements to existing processes and products. The fruits of expenditure on more exploratory work can be seen over a period in the continued expansion and diversification of the Company's business.

New products which have been introduced to the selling range during the year include a new range of dyes, the 'Procinyls' for colouring nylon, and a new antibiotic called 'Fulcin', a

fungicidal substance which can be administered orally for the treatment of intractable fungal diseases. The inhalant anaesthetic, 'Fluothane', has attracted increasing attention as the medical profession has come to appreciate more fully its valuable characteristics.

In plastics, widespread interest is being shown in polypropylene, and the Plastics Division's new plant at Wilton will come into production during 1960. The Company's brand of this product will be known as 'Propathene', and will be sold in a range of attractive colours for moulding and extrusion applications. Polypropylene film has properties which make it promising for packaging, and the Plastics Division is developing it with this outlet in view.

Further uses of polyurethane foams, both rigid and flexible, are being developed, and the Dyestuffs Division is expanding its production of the chemicals required for their manufacture.

The peaceful use of nuclear energy makes constantly changing demands for new materials, and particularly for special metals for the construction of reactors. The Metals Division has for some years carried out research into methods of fashioning these new metals, and is now producing a wide range of reactor components from magnesium alloys, zirconium and hafnium. The construction and commissioning of a plant for the manufacture of wrought beryllium was completed during the year, and will produce beryllium components for a gas-cooled reactor of advanced design for the United Kingdom Atomic Energy Authority.

The General Chemicals Division, which has been developing high-purity silicon for semi-conductors, has increased the capacity of its pilot plant and has also installed plant for growing silicon crystals in the form of rods, which are in demand for high voltage rectification.

PERSONNEL

The number of the Company's employees in the United Kingdom fell from 112,108 at the end of 1958 to 109,596 at the end of 1959.

A claim from the craft and general worker Unions for a reduction in hours was settled in November 1959 when the Company agreed to reduce, with effect on and from 4th January 1960, the working week from 44 to 42 hours for all payroll employees, other than those employed on continuous shift-work who were already working a 42-hour week.

In February 1959 the Company agreed with the Trade Unions to increase the present annual holiday of two weeks for those payroll employees with long service. The amount of the increase varies from 3 days after 20 years' service to an extra two weeks' holiday after 35 years' service.

An interesting experiment is in operation at the Company's Wilton Works where, in response to requests from employees, a scheme was introduced in 1958 in co-operation with the leading Joint Stock Banks, by which wages could at the request of an employee be paid each week into his private banking account. Some 2,000 employees at Wilton, which is about one quarter of the total

number of payroll employees at that Works, now have their wages paid in this way. Employees can at any time revert to payment in cash, but so far few have elected to do so.

Approximately 5,300, or 14.6 per cent of the total staff, hold a university degree or its equivalent in science or engineering, and a further 550 hold degrees in other subjects.

In the period from 1949 to 1959 the number of staff increased by 33.8 per cent, from 26,771 to 35,829, while the number of payroll employees decreased by 0.4 per cent, from 74,065 to 73,767, with the result that the payroll employee to staff ratio fell from 2.77 to 2.06.

EDUCATION

The greater part of the Company's education and training programme is carried out in the Divisions and Sales Regions where one of the most immediate problems arises from the prospective increase in the number of school-leavers who will be seeking employment. Although young employees acquire much of their skill while doing their job, there is nevertheless a need for special courses in the Company's own training centres in the Divisions and, in many cases, for attendance at technical colleges. During 1959 over 5,000 employees were released from work, usually for one day a week, in order to attend outside courses, and about the same number was released to attend courses within the Company.

The Company now employs over 2,500 apprentices in many different crafts, an increase of 40 per cent over the last five years, and it is estimated that there will be a further increase of 16 per cent over the next five years. During the last five years, new apprentice training schools have been established in the Alkali, Billingham and Nobel Divisions and at Wilton Works; and the existing schools in the General Chemicals and Metals Divisions have been extended.

More is also being done in the training of chargehands and foremen.

The Company's training centre at Warren House, Kingston-upon-Thames, continues to provide for various grades of management courses, which have been attended by about 3,000 staff since it was opened five years ago.

EMPLOYEES' PROFIT-SHARING SCHEME

During 1959, under the Employees' Profit-Sharing Scheme, 93,187 employees qualified for a total bonus in respect of the year 1958 of £5,584,167 gross (£4,130,918 net, after deduction of personal income tax) which is an average of £59 18s. 6d. gross (£44 6s. 7d. net, after tax) per employee. This bonus was used by the Trustees to subscribe for £2,342,584 ICI Ordinary Stock to be held for employees. Under the Scheme, Stock is not handed over to an employee until he has accumulated 40 or more £1 units, and in 1959 £2,975,497 Ordinary Stock was handed over to 52,851 employees, which is an average of a little over £56 Stock each.

The provisions in respect of the Employees' Profit-Sharing Scheme for 1959, calculated on the basis of 22 per cent of the sum of all dividends and fixed loan interest payable for the year, amounted to £6,706,742 for the Company and £7,100,157 for the Group.

THANKS TO EMPLOYEES

It is with pleasure that the Directors once again record their thanks to all employees at home and abroad, who have helped to make the year a successful one by their work and loyal co-operation.

OVERSEAS ACTIVITIES

AFRICA

African Explosives and Chemical Industries Ltd, in the ordinary capital of which ICI has a 50 per cent interest, reported a general increase in sales of its major products. During 1959 AE & CI approved the construction of a plant to manufacture safety fuse at an estimated cost of more than £1.5 million, and also agreed to join with British Titan Products Co Ltd (in which ICI owns 30.35 per cent of the ordinary share capital) in the manufacture in South Africa of titanium dioxide pigments.

In Ghana, the factory which ICI (Export) built at Tema for the production of 'Gammalin' 20 was opened by the Prime Minister, Dr Nkrumah, on 5th November 1959. This product is used to control the capsid bug which causes such havoc to the cocoa trees on which that country's wealth depends.

AMERICA

In Canada, the increased demand for industrial chemicals and allied products was reflected in the improved results of Canadian Industries Ltd.

Extensions to C-I-L's polythene plant at Edmonton were completed during the year, and the company acquired the business of one of the leading Canadian manufacturers of polythene bags.

In the United States, Fiber Industries Inc, which was formed in 1958 by ICI and the Celanese Corporation of America to make polyester fibre, made good progress with the construction of its first staple fibre plant which is due to be completed early in 1960.

Arnold, Hoffman & Co Inc, ICI's subsidiary in the United States which makes dyestuffs and related products, showed improved results, partly because of the higher level of activity in the United States' textile industry and partly because of more intensive selling and the introduction of the new reactive dyestuffs.

In Mexico, ICI's subsidiary, Pinturas Servicio S.A. de C.V., began the erection of a new paints plant which should come into production in May 1960.

In Trinidad, the Company formed a new wholly-owned subsidiary, I.C.I. Paints (West Indies) Ltd, for the manufacture of paints; and in Jamaica, Lightning Fasteners Ltd joined with Talon Inc of the United States and with T. Geddes Grant Ltd to form a company for the manufacture of slide-fasteners.

'Duperial' Argentina S.A. is developing at an estimated cost of £2.5 million a new site of eighty acres at Rosario on which plants will be erected to manufacture sulphuric acid, hydrogen peroxide, carbon bisulphide and phthalic anhydride. The ownership of Electroclor S.A. by 'Duperial' Argentina and La Celulosa S.A. has been broadened by the sale to the general public of 40 per cent of the issued capital. A polyvinyl chloride plant built by Electroclor will come into operation in April 1960.

ASIA

There were significant increases in the sales of products manufactured in India by subsidiary and associated companies. At the Rishra factory of the Alkali & Chemical Corporation of India Ltd, a subsidiary of Imperial Chemical Industries (India) Private Ltd, the 'Alkathene' plant (the first polythene plant to be erected in India) and extensions to the chlorine plant came into production during the year, and the manufacture of 'Alfloc' water-treatment chemicals was started.

The demand for explosives is rising rapidly in India, and already there are proposals for extending the blasting explosives plant at Gomia of Indian Explosives Ltd, a subsidiary of ICI (India), which was only opened in November 1958. A safety fuse plant is also under construction there.

The plant of Atic Industries Private Ltd, a company whose capital is held in equal shares by ICI (India) and Atul Products Ltd, maintained a high level of output of Jade Green dyestuffs, and a new plant was brought into production during the year for the manufacture of an extended range of vat dyestuffs.

Production was started during the year at the new paint factory of I.C.I. Paints (Malaya) Ltd in Kuala Lumpur, and plans are now in hand to expand it to undertake all stages of paint manufacture.

AUSTRALASIA

Sales by Imperial Chemical Industries of Australia and New Zealand Ltd and its subsidiaries for their financial year amounted to £A59.9 million, an increase of £A3.3 million over the figure for the previous year.

ICI ANZ has bought the Commonwealth Government's Villawood and Ballarat ammonia synthesis plants, which were built and operated by the company for that Government during the last war. The plants will be used to manufacture methanol, ammonia and ammonium nitrate.

The 'Alkathene' plant of ICI ANZ was expanded to meet the rising demand, and an arrangement was made with Shell Chemical (Australia) Proprietary Ltd for the supply of ethylene from the refinery at Sydney, which will enable 'Alkathene' capacity to be increased still further in the future.

STOCKHOLDERS

At the end of 1959 there were 341,757 holders of ICI Stock, joint holders being treated as one for this purpose. Of this number, 309,791 were Ordinary Stockholders, an increase of 12,909 over the previous year. Of the Ordinary Stockholders, 209,851, or 67.7 per cent, held £500 Ordinary Stock or less, their total holdings being 16.5 per cent of the issued Ordinary Capital, and of this number, 76,389 held £100 or less. At the other end of the scale, £37,988,826 Ordinary Stock, or 15.4 per cent of the issued Ordinary Capital, was held by 28 insurance companies, pension funds and other institutions representing millions of people, who because of their connection with these institutions, as members of pension funds, as holders of insurance policies and the like, have an interest in the progress of ICI.

There is a relatively small turnover in the Company's Ordinary Stock. During 1959, 91,907 transfers were received, representing a total nominal value of £22,715,108 or about 9 per cent of the issued Ordinary Capital.

BOARD OF DIRECTORS

Sir Alexander Fleck, who attained the age of 70 in November 1959, relinquished his position as Chairman and retired from the Board on 29th February 1960. After a distinguished academic career, Sir Alexander Fleck joined the Castner-Kellner Alkali Co Ltd in 1917 as a chemist, and from 1927 to 1931 was in charge of the alkali section of Synthetic Ammonia & Nitrates Ltd at Billingham. After a period as Managing Director of the General Chemical Group, he was appointed Chairman of what is now known as the Billingham Division. In 1944 he was appointed a Director of the Company, and elected a Deputy Chairman in 1951 and Chairman in 1953. In 1955 he was made a Knight Commander of the British Empire, and was elected a Fellow of the Royal Society. His retirement will be a great loss to the Company, and his colleagues on the Board wish to pay a special tribute to the great services which he has rendered. The present strength of the Company owes much to Sir Alexander's efforts and firm leadership.

The Board elected Mr Stanley Paul Chambers to succeed Sir Alexander Fleck as Chairman of the Board with effect on and from 1st March 1960. Mr Chambers, who is 55 years of age, has been with the Company since July 1947 when he was appointed to the Board. In the following year he became Finance Director and in 1952 was elected a Deputy Chairman.

Two new Deputy Chairmen of the Board have been elected—Mr E. A. Bingen with effect from 23rd July 1959 and Mr L. H. Williams with effect from 1st March 1960.

On 10th March 1960 the Board appointed Field-Marshal Sir William Slim, K.G., G.C.B., G.C.M.G., G.C.V.O., G.B.E., D.S.O., M.C., to be a Director. He will act as a non-Executive Director, and his wide knowledge and experience will be a valuable asset to the Board.

Sir Walter Worboys retired from the Board on 31st October 1959, after serving the Company for 34 years, during 11 of which he had been a Director. The Board wish to record their appreciation of the ability and enthusiasm with which he devoted himself to many aspects, both technical and commercial, of the affairs of the Company.

On 24th March 1960 Mr J. L. S. Steel retired from the Board after more than 37 years' service with the Company, during 14 of which he had been a Director. The Board appreciate the valuable work which Mr Steel has done over this long period of years, and particularly the skill and success with which he has in recent years devoted himself to the many complex problems of international trade.

Under Article 80, Field-Marshal Sir William Slim, K.G., G.C.B., G.C.M.G., G.C.V.O., G.B.E., D.S.O., M.C., retires and is recommended for re-election, together with Mr P. C. Allen, Mr E. A. Bingen, Mr S. F. Burman, C.B.E., Mr S. P. Chambers, C.B., C.I.E., Dr J. Ferguson, The Rt Hon Lord Glenconner and Mr C. M. Wright, who retire under Article 98.

AUDITORS

The Auditors, Messrs Thomson McLintock & Co and Messrs Price Waterhouse & Co are willing to continue in office, and a resolution fixing their remuneration will be submitted to the Annual General Meeting.

Imperial Chemical House,
Millbank, London, S.W.1.
25th March 1960.

By Order of the Board,
R. A. LYNEX,
Secretary.

ACCOUNTS

FOR THE YEAR 1959

PROFIT AND LOSS ACCOUNT
OF IMPERIAL CHEMICAL INDUSTRIES LIMITED
FOR THE YEAR ENDED 31st DECEMBER 1959

1958 £								£																																
296,254,339	SALES to External Customers and to Subsidiaries (Note 1)							321,009,259																																
37,551,276	MANUFACTURING and TRADING PROFITS <i>less</i> LOSSES after charging the items inset below							62,990,728																																
<table><tr><td>1958 £</td><td></td><td></td><td></td><td></td><td></td><td></td><td>£</td></tr><tr><td>23,425,694</td><td>Depreciation</td><td></td><td></td><td></td><td></td><td></td><td>26,177,305</td></tr><tr><td>5,299,792</td><td>Contributions to Pension Funds, Pensions and Gratuities</td><td></td><td></td><td></td><td></td><td></td><td>5,429,292</td></tr><tr><td>39,642</td><td>Audit Fees and Expenses</td><td></td><td></td><td></td><td></td><td></td><td>42,062</td></tr></table>									1958 £							£	23,425,694	Depreciation						26,177,305	5,299,792	Contributions to Pension Funds, Pensions and Gratuities						5,429,292	39,642	Audit Fees and Expenses						42,062
1958 £							£																																	
23,425,694	Depreciation						26,177,305																																	
5,299,792	Contributions to Pension Funds, Pensions and Gratuities						5,429,292																																	
39,642	Audit Fees and Expenses						42,062																																	
2,267,321	Revenue from Subsidiaries							2,642,994																																
2,152,488	Revenue from Associated Companies							3,256,046																																
179,803	Revenue from Marketable Investments and other Securities							69,960																																
272,976	Interest and Miscellaneous Income							73,347																																
42,423,864								69,033,075																																
3,679,612	Less: Fixed Loan Interest							2,734,606																																
250,161	Other Loan Interest							77,371																																
3,929,773								2,811,977																																
38,494,091	Less: Provision in respect of Employees' Profit-Sharing Scheme ..							66,221,098																																
5,076,123								6,706,742																																
33,417,968	INCOME BEFORE TAXATION							59,514,356																																
15,783,527	Less: Taxation provided on the basis set out in Note 2							25,658,626																																
£17,634,441	INCOME OF IMPERIAL CHEMICAL INDUSTRIES LTD. FOR THE YEAR AFTER TAXATION							£33,855,730																																
RETAINED IN THE BUSINESS																																								
3,000,000	CAPITAL RESERVE—General							3,000,000																																
2,751,090	REVENUE RESERVE—General							12,352,642																																
5,751,090								15,352,642																																
NET DIVIDENDS PAID AND PROVIDED																																								
Paid							£																																	
(a) Ordinary Stock, Final Dividend 1958, under-provision in 1958 due to reduction in standard rate of Income Tax							473,907																																	
484,564	(b) 5% Cumulative Preference Stock, half-year to 30th June 1959							531,907																																
3,633,283	(c) Ordinary Stock, Interim Dividend 9d. per £1 Stock							5,655,122																																
4,117,847								6,660,936																																
Provided																																								
498,938	(a) 5% Cumulative Preference Stock, half-year to 31st December 1959							531,907																																
7,266,566	(b) Ordinary Stock, Final Dividend 1/6d. per £1 Stock							11,310,245																																
7,765,504								11,842,152																																
11,883,351								18,503,088																																
£17,634,441								£33,855,730																																

(1958 figures cover the Company and 95 subsidiaries)

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BALANCE SHEET
OF IMPERIAL CHEMICAL INDUSTRIES LIMITED
AT 31st DECEMBER 1959

1958 £	ASSETS, <i>Less</i> CURRENT LIABILITIES	£	£
	FIXED ASSETS		
410,080,821	Property, Plant and Equipment (Note 3)	412,701,524	
398,373	Patents, Trade Marks, etc. at cost <i>less</i> amounts written off ..	672,212	
410,479,194			413,373,736
66,673,470	INTERESTS IN SUBSIDIARIES (Note 4)		74,048,579
21,257,617	INTERESTS IN ASSOCIATED COMPANIES (Note 5)		23,259,003
	CURRENT ASSETS		
63,490,410	Stocks at or under cost	60,990,396	
38,641,170	Debtors, including Housing and other Loans (Note 6)	49,331,790	
864,498	Marketable Investments (Market value £1,435,000)	864,498	
—	Tax Reserve Certificates	3,000,000	
2,366,005	Cash and Treasury Bills	11,336,312	
105,362,083		125,522,996	
30,130,010	<i>Less: CURRENT LIABILITIES</i>		
36,969,823	Creditors	28,317,151	
600,714	Provisions for Taxation and other Liabilities	39,017,019	
67,700,547	Bank Overdraft: Secured	588,214	
37,661,536		67,922,384	
£536,071,817			57,600,612
			£568,281,930

FINANCED AS FOLLOWS:
CAPITAL AND RESERVES

£	Capital	Authorised in Shares of £1 each	Issued and converted into Stock
34,708,773	5% Cumulative Preference	34,736,773	34,736,773
236,953,260	Ordinary	246,209,422	246,209,422
—	Unclassified	69,053,805	—
271,662,033		£350,000,000	280,946,195

Reserves employed in the business (Note 7)

£	Capital	£
131,671,696	Capital	141,743,205
42,089,788	Revenue	54,442,430
173,761,484		196,185,635
445,423,517		477,131,830

FUTURE UNITED KINGDOM TAXATION

FUTURE UNITED KINGDOM TAXATION				
9,860,000	Reserve for estimated liability to income tax 1960/61	..	..	19,590,000
15,171,000	Reserve for deferred liability due to initial allowances	..	..	15,919,000
25,031,000				<hr/> 35,509,000

UNSECURED LOANS

UNSECURED LOANS									
20,000,000	4%	Stock Repayable 1958/60	..	..	..	..	..	20,000,000	
30,000,000	4½%	Stock Repayable 1972/74	..	..	..	..	..	30,000,000	
15,617,300	5½%	Convertible Stock Repayable 1977/79	..	..	..	..	..	5,641,100	
65,617,300									55,641,100
£536,071,817									£568,281,930

J. H. COTTON, *Treasurer*

S. P. CHAMBERS }
P. T. MENZIES } *Directors*

GROUP BALANCE SHEET
OF IMPERIAL CHEMICAL INDUSTRIES LIMITED AND 97 SUBSIDIARIES
AT 31st DECEMBER 1959

(1958 figures cover the Company and 95 subsidiaries)

1958	ASSETS, <i>Less</i> CURRENT LIABILITIES		
£	FIXED ASSETS	£	£
492,379,919	Property, Plant and Equipment (Note 3)	497,088,983	
561,450	Patents, Trade Marks, etc. at cost <i>less</i> amounts written off ..	915,598	
492,941,369			498,004,581
—	INTEREST IN SUBSIDIARY NOT CONSOLIDATED (Note 4)		3,416,989
34,543,141	INTERESTS IN ASSOCIATED COMPANIES (Note 5)		40,320,371
	CURRENT ASSETS		
113,713,149	Stocks at or under cost	115,821,947	
72,042,380	Debtors, including Housing and other Loans (Note 6)	86,771,585	
4,949,130	Marketable Investments (Market value £6,639,747)	5,903,394	
278,250	Tax Reserve Certificates	3,115,350	
5,602,473	Cash and Treasury Bills	15,365,238	
196,585,382		226,977,514	
	<i>Less:</i> CURRENT LIABILITIES	£	
47,926,420	Creditors	49,032,471	
48,691,283	Provisions for Taxation and other Liabilities	52,384,517	
2,608,135	Bank Overdrafts: Secured	3,771,274	
6,374,720	Bank Overdrafts: Unsecured	3,310,341	
105,600,558		108,498,603	
90,984,824			118,478,911
£618,469,334			£660,220,852

FINANCED AS FOLLOWS:

**CAPITAL AND RESERVES OF MEMBERS OF
IMPERIAL CHEMICAL INDUSTRIES LIMITED**

£	Capital	£	£
34,708,773	5% Cumulative Preference Stock	34,736,773	
236,953,260	Ordinary Stock	246,209,422	
271,662,033			280,946,195
	Reserves employed in the business (Note 7)		
134,854,731	Capital	146,592,438	
67,174,357	Revenue	83,668,995	
202,029,088			230,261,433
473,691,121			511,207,628
25,043,085	CAPITAL AND RESERVES APPLICABLE TO MINORITY MEMBERS OF SUBSIDIARIES		25,841,929
	FUTURE UNITED KINGDOM TAXATION		
10,819,007	Reserve for estimated liability to income tax 1960/61	20,802,628	
15,499,739	Reserve for deferred liability due to initial allowances	16,260,400	
26,318,746			37,063,028
	DEBENTURES AND LOANS		
25,674,194	Debentures and Secured Loans	26,059,310	
67,742,188	Unsecured Loans	60,048,957	
93,416,382			86,108,267
£618,469,334			£660,220,852

J. H. COTTON, *Treasurer*

S. P. CHAMBERS }
P. T. MENZIES } *Directors*

NOTES RELATING TO THE ACCOUNTS FOR 1959

The foregoing accounts should be considered in conjunction with the following notes:—

1 Sales to External Customers and to Subsidiaries.

Owing to organizational changes within the Company in 1958 and 1959 the Sales figures shown in the Company Profit and Loss Account require adjustment before the Manufacturing and Trading Profits can appropriately be related to them. The adjusted Sales figures are £303,419,545 for 1958 and £339,553,551 for 1959.

2 Taxation.

Company			Group	
1958	1959		1958	1959
£	£		£	£
10,801,522	21,383,998	U.K. Income Tax	11,663,841	22,294,208
3,581,441	4,841,867	U.K. Profits Tax	3,948,705	5,197,718
664,326	390,476	Overseas Taxes (net after reliefs)	2,852,026	4,325,795
13,718,637	25,835,389		18,464,572	31,817,721
2,468,000	748,000	Transfer to Reserve for Deferred Liability due to Initial Allowances	2,546,403	760,661
16,186,637	26,583,389		21,010,975	32,578,382
403,110	924,763	Less: Overprovisions (net) in past years	352,138	1,047,522
<u>£15,783,527</u>	<u>£25,658,626</u>		<u>£20,658,837</u>	<u>£31,530,860</u>

The appropriate provisions and reserves for U.K. and Overseas Taxation have been made (a) in the Company Balance Sheet on profits earned to 31st December 1959 and (b) in the Group Balance Sheet on profits earned to the dates of the respective balance sheets included therein.

The transfers of £748,000 (Company) and £760,661 (Group) to Reserve for Deferred Tax Liability due to Initial Allowances shown above are the estimated benefits for the year from the temporary saving in U.K. income tax and profits tax due to initial allowances for 1959, less the additional income tax and profits tax arising because annual allowances have been reduced by reason of initial allowances in previous years.

Overprovisions (net) in past years result mainly from the reduction in the standard rate of income tax applicable to 1958 income.

The net tax charges for the year have been computed after deducting reliefs in respect of investment allowances in the case of the Company of £2,095,706 (1958 £704,809) and in the case of the Group of £2,126,047 (1958 £721,363).

3 Property, Plant and Equipment.

	LAND AND BUILDINGS			PLANT, MACHINERY, TRANSPORT AND ROLLING STOCK			SUNDRY EQUIPMENT AND OFFICE FURNITURE	TOTAL
	Cost or as revalued in 1958 £	Amounts written off £	Net Book Value £	Cost or as revalued in 1958 £	Amounts written off £	Net Book Value £	Net Book Value £	Net Book Value £
(a) Company								
At 31st December 1958	101,172,175	5,445,315	95,726,860	334,978,698	24,680,173	310,298,525	4,055,436	410,080,821
Capital Expenditure	5,243,677	—	5,243,677	26,209,115	—	26,209,115	776,529	32,229,321
Sales, Demolitions, Transfers and Adjustments	2,788,639	244,582	2,544,057	2,681,065	1,882,526	798,539	26,432	3,369,028
Depreciation	—	3,876,420	3,876,420	—	21,777,494	21,777,494	585,676	26,239,590
At 31st December 1959	103,627,213	9,077,153	94,550,060	358,506,748	44,575,141	313,931,607	4,219,857	412,701,524
(b) Group								
At 31st December 1958	154,968,658	16,997,552	137,971,106	401,642,168	53,430,534	348,211,634	6,197,179	492,379,919
Capital Expenditure	7,699,060	—	7,699,060	32,435,743	—	32,435,743	1,406,508	41,541,311
Sales, Demolitions, Transfers and Adjustments	3,934,650	458,124	3,476,526	2,128,094	2,577,304	449,210	601,580	3,628,896
Depreciation	—	4,885,379	4,885,379	—	27,424,504	27,424,504	893,468	33,203,351
At 31st December 1959	158,733,068	21,424,807	137,308,261	431,949,817	78,277,734	353,672,083	6,108,639	497,088,983

4 Interests in Subsidiaries.

The Company investments in and advances to and from Subsidiaries, including dividends (less tax) due for the year, are as follows:—

	1958 £	1959 £
Shares at cost less amounts written off	40,265,875	42,832,337
Scrip Issues capitalised	2,728,945	4,219,131
Book Value of Shares in Subsidiaries	42,994,820	47,051,468
Advances to Subsidiaries	30,970,154	34,380,678
	73,964,974	81,432,146
<i>Less: Advances from Subsidiaries</i>	7,291,504	7,383,567
	<u>£66,673,470</u>	<u>£74,048,579</u>

The consolidation excludes a partly owned Subsidiary which was incorporated in July 1959 and has not yet prepared any accounts. The investment in this Subsidiary has a book value of £3,220,000 and there has been advanced an amount of £196,989.

5 Interests in Associated Companies.

The Company and Group investments in and advances to and from Associated Companies are as follows:—

Company			Group	
1958 £	1959 £		1958 £	1959 £
9,650,889	11,531,524	Shares and Debentures at cost	18,923,396	22,333,803
5,915,297	5,915,297	Scrip Issues capitalised	6,991,706	8,480,994
15,566,186	17,446,821		25,915,102	30,814,797
886,286	912,428	<i>Less: Amounts written off</i>	1,199,678	995,350
		Book value of Shares and Debentures in		
		Associated Companies	24,715,424	29,819,447
14,679,900	16,534,393	Advances to Associated Companies	12,129,467	12,802,674
8,879,467	9,026,360			
23,559,367	25,560,753		36,844,891	42,622,121
2,301,750	2,301,750	<i>Less: Advances from Associated Companies</i>	2,301,750	2,301,750
£21,257,617	£23,259,003		<u>£34,543,141</u>	<u>£40,320,371</u>

6 Employees' Share Investment Scheme.

Included in Debtors in the Company and Group Balance Sheets is an amount of £47,500 (1958 £60,000) in respect of a loan to the Trustees of the Employees' Share Investment Scheme.

7 Reserves.

Details of the Company Reserves and movements in the Company Reserves and in Group Reserves applicable to Imperial Chemical Industries Limited are as follows:—

Capital Reserves	Company			Group
	General (including Revaluation of Physical Assets) £	Share Premium Account £	Total £	Total £
At 31st December 1958	123,923,290	7,748,406	131,671,696	134,854,731
Share Premiums received during the year	—	4,754,156	4,754,156	4,754,156
Appropriation from profits of the year—Company	3,000,000	—	3,000,000	3,000,000
Scrip issues capitalised—Subsidiary and Associated Companies	1,490,186	—	1,490,186	1,489,288
Profits less losses on realisation of physical assets and investments and other capital receipts	827,167	—	827,167	1,370,015
Transfers from Revenue Reserves	—	—	—	1,336,276
Exchange differences	—	—	—	169,822
Changes in percentage holdings and adjustments on consolidation	—	—	—	42,206
At 31st December 1959	129,240,643	12,502,562	141,743,205	146,592,438

Revenue Reserves

At 31st December 1958

Appropriation from profits of the year—Company
Undistributed income of the year—Subsidiaries
Transfers to Capital Reserves
Exchange differences
Changes in percentage holdings and adjustments on consolidation

At 31st December 1959

Company	Group
General (including Stock Replace- ment) £	Total £
42,089,788	67,174,357
12,352,642	12,352,642
—	5,459,249
—	1,336,276
—	27,335
—	46,358
54,442,430	83,668,995

8 Commitments.

Contracts in respect of future capital expenditure on physical assets which had been placed at the date or dates of the respective balance sheets were approximately £m.12.1 (1958 £m.14.1) in the case of the Company and £m.13.6 (1958 £m.17.0) in the case of the Group. In addition there were commitments to acquire share or loan capital in subsidiaries and associated companies of £m.6.6 (1958 £m.4.3) in the case of the Company and £m.5.0 (1958 £m.3.9) in the case of the Group.

The Company is committed to pay to the Trustees of the Workers' Pension Fund seventeen annual instalments of (a) £189,417 on account of the initial liability assumed in 1936 in respect of the past services of workers, (b) £303,600 for the cost of improvements in benefits granted from 1st October 1952 and (c) £246,960 for the cost of improvements in benefits granted from 1st July 1957. There is a further commitment to pay to the Trustees of the Staff and Foremen's Pension Funds the sum of £1,294,800 in three annual instalments of £431,600 to meet the cost of increases in pensions granted from 1st July 1957 against which £914,800 has been provided out of profits (£724,800 in prior years against Pension Fund liabilities and £190,000 from the profits of the year).

9 Contingent Liabilities.

Contingent Liabilities existed at 31st December 1959 in connection with (a) guarantees and uncalled capital relating to subsidiaries and associated companies, (b) guarantees relating to the Company Pension Funds and (c) other guarantees arising in the ordinary course of business.

10 Remuneration of Directors.

The remuneration of the Directors of the Company included as a charge in the year's accounts amounted to £691,016 made up of Fees £48,742, Other Emoluments £417,632 and Pensions, commutation of Pensions and Gratuities to former Executive Directors £224,642. Directors received £7,000 by way of fees from other companies to whose Boards they were nominated by the Company.

11 Balance Sheet Dates.

Without unduly delaying the preparation of the Group Accounts it is impracticable for thirty-seven overseas subsidiaries to provide accounts made up to a date later than 30th September and in addition, owing to local conditions, six make up their accounts to earlier dates. In the case of fourteen of the home subsidiaries, seasonal trade or overseas interests preclude the making up of accounts to 31st December. The Group Accounts accordingly include the accounts of all these subsidiaries made up to dates ranging from 30th June 1959 to 30th September 1959. The net difference on inter-company accounts from this cause amounts to £184,052 and is included in Sundry Debtors.

12 Assets and Liabilities in Foreign Currencies.

All assets and liabilities in foreign currencies have been converted into sterling at the rates of exchange ruling at the dates of the respective balance sheets except in the case of the subsidiaries in Brazil and Uruguay, where the rates ruling at 31st December 1959 have been used.

AUDITORS' REPORT TO THE MEMBERS OF IMPERIAL CHEMICAL INDUSTRIES LIMITED

In our opinion the foregoing accounts and notes give a true and fair view of the state of affairs as at 31st December 1959, and the profit for the year ended on that date of the company and of the group consisting of the company and its subsidiaries, so far as concerns members of the company and so far as is practicable in view of the fact that the accounts of some of the subsidiaries are made up to dates other than 31st December.

The accounts of certain of the operating divisions and subsidiaries have been audited by other firms.

We have obtained all the information and explanations which we considered necessary. In our opinion the company has kept proper books and obtained proper returns from the operating divisions not visited by us, and the accounts of the company, which are in agreement therewith and with the said information and explanations, give with the group accounts and notes in the prescribed manner the information required by the Companies Act, 1948.

THOMSON McLINTOCK & CO.
PRICE WATERHOUSE & CO.

London, 25th March 1960.

FINANCIAL STATISTICAL RECORD

FOR THE TEN YEARS ENDED 31st DECEMBER 1959

FINANCIAL STATISTICAL RECORD

For the years ended 31st December

	1950	1951
	£000	£000
IMPERIAL CHEMICAL INDUSTRIES LIMITED AND ITS SUBSIDIARIES		
ASSETS, <i>less</i> CURRENT LIABILITIES		
Physical Assets at cost or as revalued less depreciation and amounts written off	196,439† ..	216,681
Patents, Trade Marks (<i>Goodwill prior to 1958</i>) etc. at cost less amounts written off ..	16,610 ..	16,662
Interest in Subsidiary not consolidated	— ..	—
Interests in Associated Companies	16,777 ..	17,040
Current Assets <i>less</i> Current Liabilities	55,731 ..	57,034
Total	285,557 ..	307,417
FINANCED AS FOLLOWS		
Issued Ordinary Capital of Imperial Chemical Industries Ltd.	60,558 ..	60,558
Capital Reserves	121,005 ..	125,775
Revenue Reserves	31,295 ..	41,122
Total Group Funds Applicable to Ordinary Stockholders of Imperial Chemical Industries Ltd.	212,858 ..	227,455
Issued Preference Capital of Imperial Chemical Industries Ltd. 5% (7% until 1954) ..	24,078 ..	24,078
Minority Member Interests in Subsidiaries	8,625 ..	9,662
Future Taxation Liabilities	16,167 ..	20,570
Debentures and Loans	23,829 ..	25,652
Total Funds Invested	285,557 ..	307,417
SALES, PROFITS AND INCOME		
Sales to External Customers	220,831 ..	262,741
Manufacturing and Trading Profits less Losses after charging depreciation	29,114 ..	38,504
Depreciation	8,695 ..	8,893
Provision in respect of Employees' Profit-Sharing Scheme	— ..	—
Group Income before Taxation	31,019 ..	40,058
Group Taxation	15,522 ..	19,564
Group Income after Taxation	15,497 ..	20,494
Income Retained and Dividends Paid by Subsidiaries Applicable to Minority Members ..	606 ..	762
Income Retained by Subsidiaries Applicable to Stockholders of Imperial Chemical Industries Ltd.	1,007 ..	2,293
Income after Taxation of Imperial Chemical Industries Ltd.	13,884 ..	17,439
GROUP INCOME BEFORE CHARGING DEBENTURE AND FIXED LOAN INTEREST AND BEFORE TAXATION, as a PERCENTAGE OF TOTAL FUNDS INVESTED ..	11.0† ..	13.4
IMPERIAL CHEMICAL INDUSTRIES LIMITED		
INCOME AND DIVIDENDS		
Income after Taxation	13,884 ..	17,439
Retained for Employment in the Business	9,096 ..	12,421
Dividends (less Tax):		
Preference Stock	927 ..	885
Ordinary Stock	3,861 ..	4,133
RATE OF GROSS ORDINARY DIVIDEND PER £1 STOCK (in shillings and pence) ..	2/4.8 ..	2/7.2
GROSS ORDINARY DIVIDEND AS A PERCENTAGE OF TOTAL GROUP FUNDS AT YEAR END APPLICABLE TO ORDINARY STOCKHOLDERS OF IMPERIAL CHEMICAL INDUSTRIES LTD.	3.4† ..	3.5

1952		1953		1954		1955		1956		1957		1958		1959
£000		£000		£000		£000		£000		£000		£000		£000
237,165	..	263,952	..	305,055	..	324,996	..	358,786	..	398,259	..	492,380†	..	497,089
16,647	..	16,781	..	16,721	..	16,646	..	16,586	..	16,879	..	561	..	916
—	..	—	..	—	..	—	..	—	..	—	..	—	..	3,417
19,499	..	17,695	..	14,680	..	15,412	..	16,768	..	19,080	..	34,543	..	40,320
68,986	..	61,770	..	101,481	..	103,172	..	87,256	..	111,001	..	90,985	..	118,479
342,297	..	360,198	..	437,937	..	460,226	..	479,396	..	545,219	..	618,469	..	660,221
70,651	..	70,651	..	141,302	..	142,046	..	143,045	..	144,233	..	236,953	..	246,209
140,739	..	148,429	..	94,839	..	106,573	..	121,847	..	128,315	..	134,855	..	146,593
45,074	..	50,952	..	53,084	..	60,690	..	64,618	..	71,434	..	67,174	..	83,669
256,464	..	270,032	..	289,225	..	309,309	..	329,510	..	343,982	..	438,982	..	476,471
24,078	..	24,078	..	33,709	..	33,709	..	33,709	..	33,709	..	34,709	..	34,737
11,398	..	12,830	..	19,422	..	19,514	..	21,200	..	23,196	..	25,043	..	25,842
21,765	..	23,866	..	26,797	..	27,535	..	24,432	..	26,970	..	26,319	..	37,063
28,592	..	29,392	..	68,784	..	70,159	..	70,545	..	117,362	..	93,416	..	86,108
342,297	..	360,198	..	437,937	..	460,226	..	479,396	..	545,219	..	618,469	..	660,221
276,263	..	281,873	..	352,113	..	411,018	..	435,319	..	462,888	..	462,677	..	508,509
28,360	..	36,075	..	49,649	..	56,486	..	53,445	..	61,515	..	51,500	..	79,755
10,139	..	11,551	..	16,618	..	20,380	..	23,459	..	24,485	..	29,580	..	33,138
—	..	—	..	2,653	..	2,833	..	3,147	..	4,958	..	5,406	..	7,100
29,617	..	36,968	..	47,684	..	53,579	..	50,122	..	55,135	..	44,514	..	73,116
13,829	..	17,209	..	21,226	..	23,900	..	23,765	..	26,328	..	20,659	..	31,531
15,788	..	19,759	..	26,458	..	29,679	..	26,357	..	28,807	..	23,855	..	41,585
718	..	892	..	1,280	..	1,829	..	2,185	..	1,973	..	2,150	..	2,270
1,571	..	1,263	..	3,436	..	3,873	..	4,879	..	4,692	..	4,070	..	5,459
13,499	..	17,604	..	21,742	..	23,977	..	19,293	..	22,142	..	17,635	..	33,856
9.0	..	10.6	..	11.4	..	12.3	..	11.1	..	11.0	..	8.0†	..	11.7
13,499	..	17,604	..	21,742	..	23,977	..	19,293	..	22,142	..	17,635	..	33,856
7,651	..	10,848	..	12,831	..	14,840	..	10,099	..	11,221	..	5,751	..	15,353
885	..	927	..	927	..	969	..	969	..	969	..	984	..	1,064
4,963	..	5,829	..	7,984	..	8,168	..	8,225	..	9,952	..	10,900	..	17,439
2/7.2	..	3/-	..	2/-*	..	2/-	..	2/-	..	2/4.8	..	1/7.2*	..	2/3
3.6	..	3.9	..	4.9	..	4.6	..	4.3	..	5.0	..	4.3†	..	5.8

† After revaluation

* Paid on capital as increased by scrip issue

